

Message Text

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43

ORIGIN ARA-20

INFO OCT-01 ISO-00 AID-20 EB-11 AGR-20 COME-00 TRSE-00

NSC-07 RSC-01 /080 R

DRAFTED BY ARA/EP/P:MRRFRECHETTE

APPROVED BY ARA-LA/EP:SMPRINGLE

AID/SER/COM:MHARWAY

EB/OF/FPD:RSIMPSON

COLC:HGALE

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O 301353Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA IMMEDIATE

UNCLAS STATE 113016

E.O. 11652: N/A

TAGS:EAGR, PE

SUBJECT: PERUVIAN UREA FERTILIZER REQUIREMENTS

1. NUNEZ DEL ARCO UNDERSTOOD FERTILIZER INSTITUTE OFFICIALS CORRECTLY. ACCORDING EXPERTS, THERE IS, IN GENERAL, A VERY SUBSTANTIAL DIFFERENCE BETWEEN THE DOMESTIC AND EXPORT PRICES OF UREA FERTILIZER. HOWEVER, DOMESTIC PRICES SOMEWHAT HIGHER THAN DOLS 150 PER TON, OCCASIONALLY REACHING DOLS 195. THIS DISPARITY NOW ATTRIBUTABLE TO FERTILIZER PRODUCER COOPERATION WITH COST OF LIVING COUNCIL (COLC), WHICH CONSISTED OF RESTRICTING EXPORTS AND MAINTAINING LOW DOMESTIC PRICE. ALTHOUGH LEGISLATIVE AUTHORITY FOR COLC EXPIRED ON APRIL 30, IT CONTINUES UNDER AN EXECUTIVE ORDER TO MONITOR PRICE AND SUPPLY COMMITMENTS OF FERTILIZER COMPANIES THROUGH JUNE 30. FERTILIZER COMPANIES ARE VOLUNTARILY COMPLYING WITH THESE COMMITMENTS. HOWEVER, DOMESTIC PRICES FOR FERTILIZER ARE EXPECTED TO RISE IN THE NEAR FUTURE. ALSO, THERE MAY BE SOME DROP IN EXPORT PRICES- ALTHOUGH SUBSTANTIAL GAP BETWEEN EXPORT AND DOMESTIC PRICES LIKELY TO REMAIN.

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2. MOST FERTILIZERS OF US ORIGIN ARE COMMITTED EITHER TO

TRADITIONAL CUSTOMERS OR THROUGH LONG-TERM CONTRACTS, BOTH TO FOREIGN AND DOMESTIC BUYERS. THEREFORE, ONLY SMALL OR MARGINAL AMOUNTS ARE AVAILABLE FOR NON-TRADITIONAL CUSTOMERS.

3. FYI - AID ISSUED A TENDER ON MAY 22, 1974 ON BEHALF OF CERTAIN AID-RECIPIENT COUNTRIES FOR 350,000 METRIC TONS (MT) OF FERTILIZERS. BIDS ARE DUE MAY 31. COMPOSITION OF TENDER FOLLOWS: 112,000 MT UREA FERTILIZER; 185,000 MT DIAMMONIUM PHOSPHATE; AND 53,000 MT TRIPLE SUPERPHOSPHATE. GENERAL EXPECTATION IS THAT AMOUNTS SOUGHT WILL PROBABLY BE UNDEROFFERED. END FYI BROWN

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